

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6666

BILL NUMBER: HB 1269

NOTE PREPARED: Feb 16, 2012

BILL AMENDED: Feb 16, 2012

SUBJECT: Health Care Compact.

FIRST AUTHOR: Rep. Neese

FIRST SPONSOR: Sen. Miller

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill adopts the Health Care Compact. The bill requires the securing of the consent of the United States Congress. It specifies that the state legislature of each member state has the primary responsibility to regulate health care in the member state's jurisdiction. The bill allows the Governor to enter into the compact on behalf of the state. The bill also allows member states of the compact to suspend all federal laws, regulations, and orders concerning health care that are inconsistent with the laws and regulations adopted by the member state under the compact. It creates the Interstate Advisory Health Care Commission consisting of individuals from member states.

Effective Date: July 1, 2012.

Explanation of State Expenditures: (Revised) The bill would only be effective with the consent of the U.S. Congress without change and upon the adoption of the Compact by at least two member states. Once Congressional consent is obtained and at least one other state has adopted the Compact, the Governor may enter into the compact with any other state. The purpose of the Compact is (1) to secure the right of the member states to regulate health care in the member state's jurisdiction and to suspend the operation of any conflicting federal laws, rules, regulations, and orders within the member state; and (2) to secure federal funding for member states that choose to invoke the state's authority under the Compact.

Under the terms of the Compact, the state could become responsible for administering health care expenditures currently reimbursed under the Medicare program - an expenditure estimated to be in excess of \$10 B in base FFY 2010. The state would also be totally responsible for federal expenditures under Medicaid, which were approximately \$5 B in the base year.

Interstate Advisory Health Care Commission: The bill establishes the Commission to consist of up to two members appointed by each member state. The Commission is required to collect information and data to assist member states in the regulation of health care. Any expenses associated with the Commission would be contingent upon approval of the Compact.

Explanation of State Revenues: The Compact, if approved by the Congress, would provide an estimated base funding level of \$15 B in federal dollars to provide for health care services of the residents of the state. This is a preliminary estimate since FFY 2010 federal spending is not readily available. The Compact provides a base year funding level of FFY 2010 expenditures and provides for inflationary and population adjustment factors to the ongoing funding.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: General Assembly; Governor; Family and Social Services Agency; Department of Health.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Kathy Norris, 317-234-1360.